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# NASA Procedural Requirements

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## **Subject: NASA Equipment Management Procedural Requirements**

**Responsible Office: Logistics Management Division**

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## **Chapter 4: Equipment Physical Inventories**

### **4.1 Inventory Scheduling and Personnel**

4.1.1 Purpose. To define requirements and procedures for conducting physical inventories of Center equipment, the following is provided:

- a. Objectives of the inventory process.
- b. Types of inventories.
- c. Inventory schedules.
- d. Personnel and resources required to conduct equipment physical inventories.

#### 4.1.2. General Objectives

4.1.2.1 As an essential element of the NASA Equipment Management Program, physical inventories provide a means for the following:

- a. Determining the completeness and accuracy of the equipment records system and financial equipment accounts.
- b. Reconciling and adjusting the equipment records and financial accounts as required.
- c. Assessing the effectiveness of equipment control procedures and operations.
- d. Obtaining information needed for accomplishing broader aspects of equipment management, such as equipment utilization and repair.

4.1.2.2 Physical inventories are designed to achieve the following objectives, depending on the type of inventory being taken:

- a. Verifying that recorded equipment is still on hand.
- b. Confirming or determining current user location and custodial responsibility for equipment.
- c. Identifying unrecorded equipment that qualifies for control.
- d. Locating or identifying missing equipment.
- e. Identifying obviously unused or underutilized equipment.
- f. Identifying equipment obviously in need of repair or rehabilitation.

#### 4.1.3 Types and Frequency of Inventories

4.1.3.1 A complete (wall-to-wall) physical inventory of controlled equipment shall be taken at each Center at least

once every three years. The inventory method, at a minimum, must be designed to achieve the objectives stated herein, with reconciliation being completed once every three years. Each Center may utilize or design an inventory by exception process to achieve a complete inventory. The inventory-by-exception (4.1.3.1.d) development process is at the discretion of the Center's SEMO.

- a. The inventory may be accomplished through a combination of various methods such as visual inspections, custodian validations, and NEMS equipment transactions or conducted through the traditional wall-to-wall visual inspection and recording.
  - b. The inventory methodology specifically developed by the Center NEMS Equipment Manager will work in concert with Center-unique processes.
  - c. A cyclic inventory must achieve the objectives as set forth in paragraph 4.1.2.2. An inventory that merely serves to locate items currently charged to a property management account area does not meet the requirement for a complete physical inventory.
  - d. Inventories by exception are conducted using various transactions involving "touching" the equipment, such as moves, calibrations, and maintenance actions.
  - e. Items on loan to other Centers or organizations outside NASA will be identified in NEMS by "out code" status. NEMS accepts those items in a NEMS out code status as inventoried and automatically assigns an inventory date. Those items identified on NEMS Report 772, Items in Out Code Status, must be certified on the report, however, as in a valid out code, i.e., review storage document, loan document, shipping document.
  - f. At the SEMO's discretion, unannounced inventories of the Center's sensitive items may be requested. The inventory shall be conducted by a disinterested official ( person not assigned to the Logistics Management Division) to ensure that proper controls for sensitive items are in place. The findings will be documented and filed. The NEMS Equipment Manager will assign a responsible person to ensure that corrective actions are taken in a timely manner.
- 4.1.3.2 When a property custodian account changes hands, the outgoing and incoming custodians must jointly conduct a full inventory of the account before acceptance by the incoming custodian. The inventory can be waived if both the incoming and outgoing property custodians agree and receive written approval from the division directors and Equipment Manager. Documentation to support this agreement will be retained by the Equipment Manager.
- 4.1.3.3 Special inventories may be conducted at the discretion of the Center's SEMO. The special inventory would be designed to achieve one or more objectives, depending on the purpose from which the inventory is taken. The results of special inventories can also be credited to cyclic and the property custodian's inventory requirements.

## 4.1 Inventory Schedule

4.1.1 The NEMS Equipment Manager shall develop a written schedule and plan, including allowances for contingencies, for accomplishing all physical inventories. A copy of the inventory schedule will be forwarded to the NASA Headquarters, Logistics Management Division.

4.1.2 Preinventory reports are provided in the NEMS inventory module to aid each Center in the development of its inventory schedule.

4.1.3 Current information comparing the status of inventory progress to the schedule shall be maintained and used to revise the schedule, when necessary, to ensure the completion of all inventories.

4.1.4 The inventory schedule may be manual or automated and will contain, at a minimum, the data elements listed below:

- a. Identification.
- b. Name of property custodian.
- c. Identification of the custodian account.
- d. Location of accounts.
- e. Events.
- f. Scheduled start date.
- g. Actual start date.
- h. Notifications.
  - 1) Date of preinventory notification.
  - 2) Date custodian notified of results.

### 3) Date division notified of results.

#### 4.1.5 Inventory Personnel

4.1.5.1 The SEMO will designate, in writing, individuals responsible for conducting complete cyclic, sensitive, and special inventories. These individuals will be fully instructed in inventory techniques technologies. The property custodian, the NEMS Equipment Manager, program/project directors, or other persons, as deemed necessary, will assist in physical inventories. Property custodians will provide custodian account validations as appropriate.

## 4.2 Inventory Procedures

4.2.1 Purpose. This section establishes basic procedures required to prepare for and complete cyclic, sensitive, special, and new property custodian inventories. The detailed operating instructions used by each Center must, at a minimum, incorporate these procedures.

#### 4.2.2 Preinventory Actions for Cyclic Inventory

4.2.2.1 The SEMO shall provide written notification to the property custodian and division director of the planned inventory at least 30 calendar days in advance. The notification will include the following:

- a. Instructions regarding actions to be taken to expedite the inventory.
- b. The inventory method to be used and advising the property custodian and division director or chief of the anticipated impact to the organization.
- c. Ensure that upon request the property custodian can provide a current record of all controlled equipment charged to the custodian's area.

#### 4.2.3 Actions During an Inventory

4.2.3.1 The inventory team will conduct the inventory discreetly and with minimal disturbance to the organization.

4.2.3.2 Items found borrowed from other management areas will be reconciled by the responsible property custodian.

4.2.3.3 Equipment on loan or lease from organizations outside the Center should contain bar-coded loan or lease tags, which will be identified or scanned as they are found within the inventory accounts. Loan and lease items shall be processed as inventory updates if the equipment account and location correspond to the account and location recorded in the NEMS database.

4.2.3.4 Equipment that appears to be excess, worn out, or in need of repair will be noted during an inventory. The results of the inventory report will highlight the finding for follow-up action by the appropriate property custodian or equipment user.

4.2.3.5 Equipment that appears to be unused or underutilized shall be noted during an inventory. The results of the inventory report will highlight the finding for the appropriate property custodian to obtain user verification of status or return.

4.2.3.6 Equipment found on station (FOS) during the inventory, which meets the criteria for control, shall be identified to the using organization, tagged, and recorded during the inventory using NASA Form 1618, FOS Investigation Report.

#### 4.2.4 Cyclic Inventory Reconciliation and Adjustment

4.2.4.1 Reconciliation and adjustment to the NEMS database must be accomplished on a timely basis as the inventory progresses, but in no event take longer than 60 calendar days from the completion of the physical inventory. All reconciliation and adjustments to the inventory will be supported by documentation.

4.2.4.2 The NEMS Equipment Manager will take actions to input data on controlled equipment found during the inventory to the appropriate equipment and financial records. This action must be taken within 30 calendar days after such discovery. A Report of Survey will be initiated for items not located.

#### 4.2.5 Sensitive-Item Inventory

4.2.5.1 Sensitive-item inventories are conducted at the discretion of the Center SEMO. NEMS Report 190 can generate a 20 percent sample of the Center's sensitive items for use as a spot check. NEMS will randomly select the items from the Center database and sort the sample by property custodian account.

4.2.5.2 The sensitive-item inventory requires an actual sighting of the sensitive item. A separate sensitive inventory file should be established to document the results of each sensitive-item inventory. A custodian account that cannot produce all sensitive items within 24 hours after the spot check will undergo a special review by the NEMS Equipment Manager to determine if a 100 percent, sensitive-item inventory is required.

4.2.5.3 Unannounced spot checks should only be conducted if equipment control factors are problematic or the NEMS Equipment Manager determines otherwise.

4.2.5.4 The sensitive-item inventory will be considered complete when all items are accounted for and Survey Reports are submitted for missing items.

#### 4.2.6 New Property Custodian Inventory

4.2.6.1 When a property management account is assigned to a new property custodian, a 100- percent inventory should be taken of the area. The outgoing and incoming custodians have the responsibility to perform this inventory together; however, inventory personnel may be contacted for assistance. Prior to the outgoing property custodian's departure, the director or chief shall submit a statement to the NEMS Equipment Manager and incoming property custodian. The statement will confirm that all items were found or reports of surveys were submitted. Each Center will set its own policy and procedure regarding the use of the standard inventory scanners and bar-code readers for this type of inventory.

4.2.7 Other Special Inventory. Special inventories may be conducted as directed by the SEMO.

### 4.3 Inventory Reports and Files

4.3.1 Purpose. This section prescribes the inventory reports to be provided to the division directors, the property custodians, and the Center Director. It also prescribes the cyclic inventory files to be maintained for each property management area.

#### 4.3.2 Inventory Reports to Division Directors and Property Custodians

4.3.2.1 Within 30 working days after completion of the inventory of a property management area or grid location, the SEMO will provide the property custodian(s) and the appropriate division director a report of inventory results. The report may be submitted in an electronic form for streamlined communication objectives and shall, at a minimum, include the following:

- a. Start and completion dates of the inventory.
- b. Number and value of recorded items charged to the property custodian account that was found in the area.
- c. Number and value of recorded items charged to the property custodian account that were not found in the area and not covered by documented loans.
- d. Number and value of unrecorded items found in the area that meet the criteria for control.

4.3.2.2 The property custodian has 30 working days to correct cited discrepancies and submit survey reports, unless the SEMO grants an extension in writing.

4.3.2.3 After all accounts within a division or grid location have been inventoried, the SEMO will provide the responsible division director with a summary report of all accounts within the division.

#### 4.3.3 Inventory Results to Management

4.3.3.1 A report indicating the results of the physical inventory, including sensitive-item inventories, during the inventory period shall be prepared annually by the Center SEMO. This report will be submitted within 90 days to the Center Director or one-level subordinate to the center director. A copy shall be forwarded to the NASA Headquarters, Logistics Management division, annually, no later than December 15. This report shall include the following:

- a. Number of property management areas and number of items scheduled for inventory during the period.
- b. Number of property management areas for which a physical inventory was completed during the period.
- c. Number of items and value of equipment inventoried.
- d. Number and value of items added to the records as a result of the physical inventory.
- e. Number and value of lost items surveyed from the records as a result of physical inventory.
- f. Number and value of items that were previously surveyed and added to the records as a result of the physical inventory.
- g. Conclusions and any procedural changes initiated following analysis of the inventory results.

4.3.3.2 The final report for each cycle will be accompanied by a summary report that reflects the overall results of the inventory for the period. Center senior management, SEMO, and the Equipment Manager at NASA Headquarters should also be informed of reasons for large increases or decreases in adjustments, additions, and surveys.

#### 4.3.4 Inventory Files

4.3.4.1 In addition to the overall inventory schedule and plan prescribed in this section, files will be established and maintained for each property management custodian area. Each file should contain all necessary documents to clearly indicate the status and results of the inventory in each area. Examples of documents to be included are the following:

- a. Notification to the property custodian of the schedule for inventory.
- b. Designation of individuals responsible for taking the inventory.
- c. Upon request, a listing of items charged to the area at the beginning of the inventory; the size of the listing for a large account may prohibit retention in the central file.
- d. Upon request, a report to the property custodian and the respective division director or chief of the inventory results, as prescribed in paragraph 4.3.3.
- e. NEMS listings validated by the property custodian.

4.3.4.2 A new file for each property management area or custodian account shall be established for each inventory cycle. File folders generated during the preceding inventory cycle will be retained at the Center. Inventory cycle files over five years old may be destroyed.

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